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Report of the assessment mission to Myanmar

Note by the Administrator

Summary

The present report contains the major conclusions, recommendations and strategic challenges identified by a two-member international independent assessment mission of the Human Development Initiative (HDI) Phase IV (2002-2005). The mission carried out its work in Myanmar from 25 July to 19 August 2004, in accordance with the guidelines set out in Executive Board decisions 98/14, 2001/15, 2003/2 and 2004/02. The report of the previous HDI assessment mission was presented to the Board at its first regular session in January 2004. The Resident Representative delivered a preliminary oral presentation of the key findings of the mission to the Executive Board at its second regular session in September 2004.

The mission concluded that HDI-IV had been designed, and is being implemented, in full compliance with the Executive Board decisions. All UNDP and project staff are fully aware of these decisions and are committed to adhering to them. The mission also highlighted some key challenges, constraints and recommendations, which the Board may wish to consider for implementation under the current and future phases of the HDI. The full text of the report of the independent assessment mission is available on web site of the Executive Board secretariat.

Elements of a decision

The Executive Board may wish to: (a) take note of document DP/2005/6 and of the report submitted by the independent assessment mission to Myanmar, in particular the strategic challenges and recommendations mentioned therein; and (b) request the Administrator to take account of and implement the findings of the independent assessment mission, as appropriate, under the HDI.

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I. Background and purpose

1. Since 1993 UNDP assistance to Myanmar has been carried out in compliance with the guidelines established in Governing Council decision 93/21 and Executive Board decisions 96/1, 98/14, 2001/15, 2003/2 and 2004/2. In accordance with these decisions, resources are targeted towards critical humanitarian and basic human needs in Myanmar at the grass-roots level in the areas of primary health care, the environment, HIV/AIDS, training and education, and food security. Projects have been formulated and coordinated within a framework entitled the Human Development Initiative (HDI). The first phase of the HDI (15 projects) was implemented between 1994 and 1996. The second phase extension (HDI-E) comprised 10 projects, which were concluded in late 1999. HDI phase III projects were initiated in late 1999 pursuant to Executive Board decision 98/14. HDI phase IV has six constituent projects, the three largest of which concentrate on integrated community development and micro-finance in 24 townships in remote rural areas in the country. The other three projects of HDI-IV are oriented towards a national focus on HIV/AIDS, and comprehensive surveys on rural poverty and agriculture. Total target for resource allocation from the core (TRAC) for HDI-IV is $22 million.

2. In its latest decision 2004/2, the Executive Board reaffirmed previous Governing Council and Executive Board decisions. The Board also requested the Administrator to take account of the findings of the independent assessment mission, as appropriate, during phase IV of the Human Development Initiative. Accordingly, the results of the mission conducted in July and August 2004 are being presented to the Board at its current session.

3. The present report contains the major findings, conclusions and recommendations of a two-member international independent assessment mission that was conducted from 25 July to 19 August 2004 in Myanmar. The 2004 HDI phase IV assessment mission explored in detail the conformity of HDI-IV with Governing Council/Executive Board decisions, which provide the framework for UNDP assistance to Myanmar. The mission also examined global HDI issues, conformity with the Governing Council/Executive Board mandate and challenges and constraints in the implementation of project activities.

II. Conformity with Governing Council/Executive Board mandate

4. Following extensive consultations and field visits, in which it consistently explored in detail the conformity of HDI-IV with the Governing Council/Executive Board decisions, the mission concluded that HDI-IV projects had been designed, and are being implemented, in full compliance with these decisions. The mission also expressed its concern that UNDP, in line with its mandate, was not being sufficiently pro-active in representing the concerns of the poor at the national level and in encouraging pro-poor policy change. In that regard, the mission pointed to the widespread, growing rural poverty in the country, which was being further aggravated by rapid inflation. This situation was expected to deteriorate further on account of the heavy monsoon and flooding in 2004, which would likely lead to shortfalls in agricultural production and higher food prices. The mission further

noted that HDI-IV projects had made solid progress in its first full year of operation. The report documents some key challenges facing HDI and makes recommendations for further improving the impact of the programme on the welfare of the poor in Myanmar.

III. Assessment by independent mission

5. In carrying out its assignment, the mission undertook a series of documentation reviews, interviews with United Nations organizations and donor missions as well as with grass-roots beneficiaries during an intensive round of field trips. The mission also drew on the findings and conclusions of other recent technical assessments over the last year. These included an internal outcome evaluation on "Community Driven Participatory Development Management in Myanmar"; a review of the institutional maturity of some self-reliance groups conducted by an international independent non-governmental organization (NGO); an impact evaluation of the micro-finance sub-project in the Delta region conducted by an independent international NGO; and several field visits by donor agencies, including the United Kingdom Department for International Development, the Swedish International Development Agency and the Japanese International Cooperation Agency.

6. In accordance with the findings of the various technical and other assessments, UNDP has determined that the highest priority for the poor was to increase their levels of income. The first full year of HDI-IV has confirmed this priority, with more emphasis and steady progress on sustainable livelihoods, particularly through the savings and credit activities of the self-reliance groups and the micro-finance project.

7. Within the framework of the Executive Board mandate, UNDP assistance under HDI-IV is directed towards addressing the socio-economic conditions of the rural poor in Myanmar to the extent possible. An estimated 70 per cent of the country's poor live in rural areas and depend solely on agriculture. However, agricultural production by poor communities is not sufficient to sustain their livelihoods and appears to be entering a downward trend. This is further impacted by the widespread landlessness among rural households which imposes severe constraints on incomes and production. Equally worrisome is the increasing trend in environmental degradation. The country's natural resource base – the land, forests and rivers on which food production and livelihoods depend – is being consumed at a rate that is highly unsustainable. Owing to the unproductive nature of farming and its inability to generate incomes and jobs, the rural poor have to rely increasingly on free natural resources, such as firewood, thus resulting in unsustainable environmental practices. The situation is made worse by price inflation, now estimated at 35 per cent annually. With the average household spending at least 70 per cent of its income on food, frequent rises in prices of essential goods only serve to deepen poverty and food insecurity in the country. The majority of rural households face inadequate and unstable incomes and deteriorating environmental conditions. Given the recent monsoons and heaviest flooding in decades, 2004 will be even more critical for rice prices and harvests.

A. UNDP approach

8. Based on the above, the mission found that within the framework of its mandate, the Human Development Initiative was having a direct impact on a large number of rural poor in townships where it was operating. HDI-IV has done considerably well in meeting its physical targets (e.g., numbers of schools rehabilitated, etc.). However, the mission felt that other important activities, such as developing sustainable livelihood approaches and learning from project experiences, needed to be significantly increased in order to keep pace growing needs.

9. HDI-IV has been designed with a strong focus on community organization through the self-reliance group mechanism. While there have been some notable achievements in this approach, the mission cautioned that there was a need for continued exploration of options and strategies to strengthen the longer-term sustainability of the self-reliance groups, given the specific development context and the lack of access to borrowing from formal institutions.

10. The mission noted that the design and implementation mechanisms put in place for HDI-IV facilitated greater integrity and cohesion among projects. This was further strengthened by the use of the direct execution modality by UNDP for the largest HDI-IV projects. At the same time, the mission felt that there was room for further improvement in partnerships and synergies among the projects as a group, and other potential partners.

B. HDI progress

11. The Integrated Community Development Project (ICDP), which absorbs about 50 per cent of total programme budget, was designed to bring together seven sectoral projects from earlier HDI phases. ICDP operates in 2 310 villages (of which 220 are new to HDI-IV) across 11 townships. ICDP builds on the successes of earlier projects and focuses on social infrastructure and livelihood development, depending on the specific needs of villages. As with the Community Development Project in Remote Townships, a key feature of the ICDP is the formation of self-reliance groups. The mission noted that a large number of the 1 150 self-reliance group formed within the past year were already showing signs of moving towards maturity.

12. The Community Development Project in Remote Townships (CDRT) is located in the Rakhine, Chin and Kachin States in the north of the country. The project has expanded to include 125 additional villages with a total of 423 villages in 13 townships. The project aims to consolidate the gains made from prior HDI initiatives in developing human resources, natural resources, community infrastructure, with more focus on food security and poverty reduction, and create more opportunities for employment and development in targeted villages. The project's principle of participatory "bottom-up" planning processes is more widely accepted, thereby promoting decentralized decision-making at the township level. The project has made significant headway in addressing livelihoods issues and has a good track record with self-reliance groups that, in particular, have provided poor and disadvantaged women with valuable support networks.

13. The micro-finance project has been operational for seven years, providing credit and savings services through three micro-finance operations. The project serves over 100 000 active clients in 1 974 villages in 11 townships with an outstanding portfolio of $3.5 million and an average loan size of $32.00. The project has demonstrated that the rural poor are bankable and that credit for various small-scale income-generating activities can be financially viable. The project continues to generate 70 to 80 per cent of the income required to cover direct financial and operating costs, including adjustment for inflation. The project has demonstrated a savings and credit enterprise that can be easily replicated and institutionalized.

14. The UNDP HIV/AIDS project has been directly instrumental in bringing attention to the HIV/AIDS situation in the country. The project provides support to the national AIDS programme and to community-based organizations working on awareness, prevention and caring. The project deserves much credit for raising the awareness levels of the seriousness of HIV/AIDS. Over the years, the project had to address a mixture of interventions in order to tackle the very challenging and growing impact of HIV/AIDS on families. With the increase in international assistance for HIV/AIDS in Myanmar, UNDP is in the process of refocusing its activities towards greater emphasis on strengthening the capabilities of community-based organizations to work on awareness, prevention and caring for families affected by HIV/AIDS, areas in which the project has a comparative advantage.

15. As mandated under Executive Board decision 2001/15, an agriculture sector review was initiated under HDI-IV. The goal of the project is to identify issues and define investment needs to stimulate broad-based agricultural growth. A review team conducted an 18-month in-depth study to understand the critical factors affecting pro-poor agricultural growth and made a number of recommendations for improvements and/or implementation in this area. The challenge now remains to encourage adoption of pro-poor policies highlighted by the review. This would require follow-up and ongoing dialogue with the national authorities in order to realize the real value and effectiveness of such a review.

16. In September 2003, work began on an integrated household living conditions assessment. This was long overdue and welcomed by development partners, donors, NGOs and United Nations organizations. To date, the following has been completed: a qualitative survey involving 224 focus groups in 14 states; a pilot quantitative survey of 200 households; 1 200 enumerators and their supervisors have been trained; and a sampling plan for the quantitative survey has been designed to incorporate 19 800 households in all 61 districts of the country. The project has been designed to encourage a highly participatory and transparent approach with all concerned and is breaking new ground in bringing together various stakeholders to work on the survey.

IV. Key challenges and recommendations

17. The 2004 HDI assessment mission identified a number of key challenges and recommendations designed to improve further the impact of HDI and its constituent projects on the welfare of the poor in Myanmar. These are elaborated in section seven of the report and are summarized hereunder.

18. *Greater emphasis to improving the incomes and livelihoods of the acutely poor in Myanmar.* Although the HDI has made commendable progress in this area, it needs to attach higher priority to incomes and livelihoods, possibly through access to credit, training of village agricultural extension and veterinary workers, provision of agricultural tools for landless labourers, etc., in order to enhance its impact on the truly poor. This should also go hand in hand with the devotion of a larger proportion of HDI funds and staff time, and systematic examination of the impact of project interventions on livelihood improvement.

19. *Continued close attention to options and strategies to help the self-reliance groups to become more sustainable and to take on new productive functions that meet their needs, and build their capacities to support wider local needs and opportunities.* The assessment mission regards this as one of the most important challenges facing HDI and sees the self-reliance groups evolving into a sustainable model of community organization for rural Myanmar and an effective vehicle for an HDI exit strategy at the local level.

20. *With over 10 years of accumulated HDI experience working with the poor in Myanmar, UNDP is strategically positioned to represent the concerns of the rural poor at the policy level.* This experience is further complemented by the Agriculture Sector Review and Living Conditions Assessment. The mission strongly recommends that UNDP actively engage with the national authorities to explain the impact and benefits of pro-poor policies in the fields in which expertise has been developed under the HDI. This should also be carried out in collaboration with other development partners who possess the knowledge and expertise in this area. UNDP is in a unique position to keep donors and the international community informed and abreast of the humanitarian situation and of poverty conditions and trends in the country, and the mission encourages the country office to increase its information collection and analyses towards this end.

21. *The mission noted the importance of continuous monitoring and evaluation in order to document the performance and impact of HDI projects.* This would provide reliable evidence on the differences that HDI projects have made on the lives of the poor and feedback and learning for future interventions. The mission also recommends that every effort should be made to measure and document the impact and cost-effectiveness of the various interventions and approaches being taken by the HDI, prior to further expansion and replication of activities.

22. *While noting the success of micro-finance operations to date at the grass-roots level, the mission strongly feels that the current institutional status of these operations is not a sustainable option for the long-term, given the current need for a more formal/legal framework for activities beyond the sphere of the HDI.* Recognizing that this would call for policy engagement with national authorities to ensure the safeguarding of gains made to date, the mission recommends that the country office should aggressively pursue institutionalization of the micro-finance operations; this should be done with urgency given the time needed for planning to achieve this goal.

23. *With the increase in international assistance for HIV/AIDS in Myanmar, the mission recommends the need to re-design the UNDP HIV/AIDS project to enable it to draw upon greater synergy with the rest of the HDI-IV projects.* This would call for the project to work with community groups, such as the self-reliance groups, on increasing awareness of HIV/AIDS and on preventive measures. The project could

also benefit from working with NGOs and local community-based organizations to test sustainable approaches to HIV/AIDS patient care and to improve the economic conditions of families affected by HIV/AIDS. Mechanisms should also be put in place to assess the impact of the project on a regular basis.

24. With due regard for comments made on the HDI concentrating its resources on a small proportion of the truly needy in rural Myanmar, the mission fully supports the justification and approach for an expansion of HDI activities to benefit a greater number of the poorest and most vulnerable populations. The mission recommends that priority be placed on community mobilization and organization when such an expansion takes place. It also recommends that UNDP place a priority on supporting livelihood opportunities for the poor in new areas, and that UNDP consider micro-finance as an initial intervention in peri-urban areas.

V. Conclusions of the independent mission

25. The assessment mission concluded that the improved HDI-IV shows considerable promise and is functioning well. In particular, the two integrated community development projects and the micro-finance project are providing direct benefits to a large number of acutely poor in Myanmar. The comprehensive surveys in agriculture and poverty are raising important policy issues of great consequence to the poor and put UNDP in a strategic position to draw attention to the problems of rural poverty in the country.

26. HDI still faces many challenges, the main being the sustainability of gains achieved under previous HDI phases. In addition, there is the critical need for broadening the impact, both through geographical expansion of HDI activities and by having a positive influence on pro-poor policies.

27. The mission was pleased to note that many of the issues raised in its report are either already being addressed or actively considered by UNDP. The mission fully supports the planning for proposed expansion of HDI activities, and feels that this expansion, based on the HDI-IV experience and taking account the findings and recommendations of this report, should shape the strategy for the next phase. The mission recommends to the international community that adequate funding and support should be provided to UNDP to realize the excellent potential of HDI in the subsequent phase. More funding will be required to ensure a wider substantial impact on the poor.